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# REGIONAL WATER/WASTEWATER FUND FACT SHEET

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The Regional Water/Wastewater Fund is designed to address water and wastewater improvements on a regional scale. For Regional Water/Wastewater Fund projects, one local government must be designated the lead locality. The lead locality and all participating localities must, prior to receiving a contract with DHCD, enter into a legally binding cooperative agreement to ensure equitable project implementation and compliance with all applicable regulations. Regional Water/Wastewater Fund projects must be contained to a single area which includes portions of adjacent CDBG-eligible localities.

Regional Water/Wastewater Fund projects are limited to \$2,500,000 of CDBG assistance, or \$3,000,000 if the project is “super-regional”, in which more than two localities are involved. These projects are either creating a new entity to manage the infrastructure system or are combining systems under a single entity. Projects that simply extend utility lines from one jurisdiction to another or create interconnections between currently existing systems will not be considered regional. Regional Water/Wastewater Fund projects must document the consolidation of two or more existing utility systems into a single operating entity, such as a Regional Service Authority, or creation of a new operating entity that serves the region with at least 50% of CDBG expenditures devoted to new service or a significant upgrade in service.

An applicant must address the indoor plumbing needs of project area residents. Benefit to a particular household will not be accepted unless the unit currently has or will be provided with indoor plumbing facilities. Housing units receiving indoor plumbing facilities must also meet DHCD Housing Quality Standards. CDBG funding may be used to improve these units to standard condition. CDBG participation in indoor plumbing or related housing activities shall not exceed 15 percent of the total amount requested.

Projects which include water and/or sewer service activities must meet the following requirements:

- At least 51 percent of the residents in the project area are low and moderate income persons (LMI).
  - Service must be made available to any house within the project area that is occupied by an LMI household located within 200 feet of the distribution (water) or collector (sewer) line at no cost to the household beyond monthly user fees, provided the cost of installing said connection line does not exceed \$3,500;
  - Water meters are required for each customer that connects to the CDBG supported utility line (mobile home park owners are considered a single customer);
  - The CDBG investment per water connection may not exceed an average of \$15,000.
  - The CDBG investment per sewer connection may not exceed an average of \$18,000.
- Low- and moderate-income persons cannot be charged an access fee for facilities developed using CDBG funding and neither are these fees CDBG-eligible expenses. The

actual physical costs of connections will be eligible for CDBG funding. To the extent feasible, public water service applications must include a project design which accommodates appropriate fire protection measures in the project area.

The reasonableness of user charges will be considered in evaluating any revenue-producing project, particularly water and sewer projects. DHCD reserves the right to reduce in a proportional manner grant requests from applicants where utility rates charged by an entity are below the state average.

For projects which extend utility lines from one jurisdiction to another, utility rates must be the same throughout the CDBG project area unless it can be documented that the locality which owns or is served by the CDBG-supported utility line is subsidizing water rates with its general fund. However, in no case can “out-of-town” rates exceed one-and-a-half (1½) times the “in-town” rates.

CDBG assistance cannot be used to exclusively fund the cost of service lines (i.e., lines that run from the house to the water distribution or wastewater collection lines). Service lines are an eligible CDBG expenditure provided it is appropriately proportional to the expenditures on other features of the project.

Funding which has not been committed as of September 30, 2020 may be committed to Construction Ready Water and Sewer projects, Community Development Innovation, the next highest ranking 2019 Competitive Grant project (to the established cut-off point), projects with Letters of Intent, and Community Economic Development Fund projects.

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#### PRELIMINARY ENGINEERING REPORTS

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Project activities are established through completion of preliminary engineering work. If a PER was completed, it must accompany the application. If Virginia Department of Health (VDH) and/or Department of Environmental Quality (DEQ) approval is required for a project’s plans and specifications, the project PER must be submitted prior to submission of the project proposal to DHCD.

A PER includes information on existing conditions pertaining to one or more infrastructure elements, design alternatives for improvements to existing conditions including costs, and a recommendation for selection of one of the alternatives including justification for the recommendation. Please note, PER costs do not count as leverage on a project. Additional guidance on what a Preliminary Engineering Report should contain is as follows:

1. A description of the area to be served.
  - a. Boundaries
  - b. Major obstacles
  - c. Elevations
  - d. Need for facility
  - e. Map/sketches/photos
  - f. Number of persons to be served

- g. Growth areas and population trends
- 2. A description of the existing facilities.
  - a. Conditions
  - b. Suitability of continued use, if applicable
  - c. Number of persons currently being served
  - d. Plant capacity(ies)
- 3. A description of design alternatives considered.
  - a. Recommended course of action.
  - b. Justification for the recommended alternative.
  - c. Advantages and disadvantages of differing alternatives.
- 4. A general description of the proposed facility, including design criteria adopted.
  - a. Location of land and acreage/alternative sites
  - b. Permits required – rights-of-way, State Health or other agencies
  - c. If water facility: treatment, storage, pressure, distribution
  - d. If sewer facility: collection system, treatment system
- 5. Up-to-date estimated cost for development and construction.
  - a. Legal
  - b. Engineering
  - c. Plant and equipment
  - d. Operations and maintenance
- 6. Description of any construction constraints.
  - a. Subsurface rock
  - b. High water table
  - c. Others that might affect construction
- 7. Describe any addition studies or evaluations which need to be done prior to project design and/or construction.

#### PROVISION OF LMI BENEFIT

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In projects involving the provision of water or sewer to privately-owned, multi-tenant properties as a contributing factor towards meeting the required LMI benefit, CDBG assistance will be eligible for expenditure on those features of the project which provide substantial benefit to current LMI tenants. DHCD will safeguard the provision of benefits to current LMI tenants as follows:

- 1. CDBG funding will be provided to match current LMI needs

Property owners will be prohibited from creating additional tenant spaces which would dilute a project's LMI benefit. Assistance may be prorated to oversized service or distribution lines.

Participation in pump stations, storage tanks, or other features will also be dependent upon the level of LMI benefit in the project.

2. Savings produced by the CDBG investment must translate to direct LMI benefit.

Generally, each LMI unit receiving services must be individually metered with billing being a responsibility of a local public agency. No private property owners may charge LMI tenants a connection fee or a surcharge on service usage.

## DISTRIBUTION METHODOLOGY

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Eligibility under this Program is subject to the following minimum criteria:

- Funding is reserved for projects providing water or sewer service to communities made up of at least 51% low- to-moderate income households.
- At the time of application all engineering work, up to and including necessary approvals of final design, must be at a minimum underway.
- No more than \$18,000 of CDBG funds per household served will be made available, with no single grant exceeding \$2,500,000 (or \$3 million for super-regional projects).

## **SUBMISSION**

Please note applications are accepted electronically through the Agency's Centralized Application and Management System (CAMS). To access CAMS, visit the website at [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov) and click on the CAMS icon in the upper-right hand corner. You may then create a locality profile, add staff members, and access the CDBG Planning Grant program using the APPLY button.

Potential applicants are encouraged to contact DHCD prior to submission of a proposal. Contact information is as follows:

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